(This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the Chinese version. In case of any discrepancy between the the Chinese version and this translation, the Chinese version shall prevail.)

Stock Code：2115

Since 1980

LU HAI HOLDING CORP.

2021 Annual General Shareholders' Meeting

Meeting Handbook

【Translation】

Time: 10:00 am, Thursday, June 24, 2021

Place: Conference Room, 1F, No.64, Shing-Kong 5th Rd., Tianzhong Township, Changhua County 520, Taiwan (R.O.C.)

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(Note:Attachment 3,6,7,8 and Appendix 1~8, please refer to the Chinese version of the Handbook for details.)

LU HAI HOLDING CORP.

2021 Annual General Shareholders' Meeting Procedure

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IV. Items for Ratification

V. Items for Discussion

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LU HAI HOLDING CORP.

2021 Annual General Shareholders' Meeting Agenda

Time: 10:00 am, Thursday, June 24, 2021

Place: Conference Room on 1F, No.64, Shing-kong 5th Rd, Tien-chung Town, Chang-hua County

Agenda:

I. Opening Address (report the attending number of shares)

II. Chairman Address

III. Reports Items

1. 2020 Business Report.
2. Audit Committee's review report on the 2020 financial statements.
3. Report on employees' and directors' compensation in 2020.
4. Amendments to the "Regulations Governing Procedure for Board of Directors Meetings" of the Company.

IV. Items for Ratification

1. Ratification of the 2020 business report and financial statements.
2. Ratification of 2020 earnings distribution.

V. Items for Discussion

1. The Company's planning to transfer surplus to capital increase by issuing new shares.
2. Amendments to the "Rules for Election of Directors" of the Company.
3. Amendments to the "Rules of Procedure for Shareholders' Meetings" of the Company.
4. Amendments to the "Regulations Governing Loaning of Funds" of the Company.

VI. Election Item

1. Election of the 6^{th} Term of the Board of Directors.

VII. Extempore Motion

VIII. Adjournment

Reports Items

Item 1: 2020 Business Report.

Explanation: Please refer to Attachment 1 for the 2020 business report of the Company.

Item 2: Audit Committee's review report on the 2020 financial statements.

Explanation: Please refer to Attachment 2 for the Audit Committee's Review Report

Item 3: Report on employees' and directors' compensation in 2020.

Explanation:

1. It is planned to issue NTD13,236,978 as Director's compensation and NTD 13,236,978 as employee's compensation according to the provisions of Articles of Incorporation.
2. All employee's compensation will be issued in cash.

Item 4: Amendments to the "Regulations Governing Procedure for Board of Directors Meetings" of the Company.

Explanation:

1. In accordance with the Announcement Reference No. 1090009468 of the Taiwan Stock Exchange (TWSE), this amendment is made to comply with Section 10, Item 1, Article 14-5 of Securities and Exchange Act, and to revise the Company's "Regulations Governing Procedure for Board of Directors Meetings" at the same time.
2. Please refer to Attachment 3 of Chinese version of the handbook for the Comparison Table on Amendments to the "Regulations Governing Procedure for Board of Directors Meetings".

Items for Ratification

(Proposed by the Board of Directors)

Item 1: Ratification of the 2020 business report and Financial statements.

Explanation:

1. 2020 financial statements of the Company have been audited by accountants LIN, MING-SHOU and SHAO, CHAO-BIN from Crowe Horwath (TW) CPAs, and audit report has been issued, and it has been submitted together with the business report to Audit Committee and has been audited.
2. Please refer to Attachment 1 and Attachment 4 for the 2020 business report, accountant's audit report and financial statements of the Company.

Resolution:

(Proposed by the Board of Directors)

Item 2: Ratification of 2020 earnings distribution.

Explanation:

1. The net profit after tax of the Company in 2020 is NTD594,758,633, 10% of them, namely NTD59,475,863, is allocated as statutory surplus reserve according to the Articles of Incorporation, and plus "Beginning undistributed earnings", namely NTD579,218,493, then total earnings available for distribution is NTD1,114,501,263; it is planned to distribute stock dividend to shareholders at NTD1.00000005 per share (namely free allotment of

100.00000553 shares per thousand shares) and cash dividend at NTD1.49999995 per share this time, the total distribution of dividend to shareholders is NTD2.50 per share, and total distribution of dividends to shareholders is NTD225,915,938. The distribution of cash dividend to shareholders this time is calculated up to one New Taiwan Dollar (digits after the decimal point to be ignored), the fractional amount less than one New Taiwan Dollar is listed into other income of the company.

2. Regarding the distribution of shares and cash dividend to shareholders, after it is proposed and passed in General Meeting, Board of Directors is authorized to determine the record date of allotment of shares and dividend, distribution date and other relevant matters.
3. In case of the Company's cash capital increase, shares buyback, transfer or cancellation of treasury share, transfer of convertible corporate bonds or exercise of employee's stock warrant etc., and thereby affects the amount of outstanding shares of the Company, and causes changes in shares allotment ratio and dividend payout ratio, hence it is planned to authorize the Chairman to make adjustment.
4. Please refer to Attachment 5 for 2020 Earnings Distribution Table.

Resolution:

Items for Discussion

(Proposed by the Board of Directors)

Item 1: The Company's planning to transfer surplus to capital increase by issuing new shares.

Explanation:

1. In consideration of the needs of future business development, the Company plans to issue 9,036,638 new shares with the shock dividend shall be distributed to shareholders in 2020, namely NTD90,366,380, and the aforesaid new shares issued for capital increase are the ordinary shares with nominal amount of NTD10 per share.
2. The distribution of stock dividend to shareholders is calculated based on the 90,366,375 outstanding shares on February 28, 2021, free allotment of 100.00000553 new shares per thousand shares, totally 9,036,638 shares, and the rights and obligations of the new shares are the same as the original shares. Regarding the distribution of stock dividend to shareholders, after it is proposed and passed in General Meeting, Board of Directors is authorized to determine the record date for allotment of shares and other relevant matters. In case of the Company's cash capital increase, shares buyback, transfer or cancellation of treasury share, transfer of convertible corporate bonds or exercise of employee's stock warrant etc., and thereby affects the amount of outstanding shares of the Company, and causes changes in shares allotment ratio, hence it is planned to authorize the Chairman to make adjustment. For the distribution of fractional share less than one share, within five days after

book closure day, shareholders shall voluntarily make up to one share for registration, and the insufficient part thereof shall be calculated into one New Taiwan Dollar (digits after the decimal point to be ignored) according to cash in denomination; for the fractional share less than one share thereof, the Chairman is authorized to consult with the specific person for subscription according to denomination.

3. When relevant matters of this capital increase case must be changed due to the changes in laws and decrees or the instruction of competent authority, it is planned to authorize the Chairman for handling.

Resolution:

(Proposed by the Board of Directors)

Item 2: Amendments to the “Rules for Election of Directors” of the Company.

Explanation:
1. To be in line with the Issue No. 1080311451 for Financial-Supervisory-Securities-Trading made public by Financial Supervisory Commission (FSC) on April 25, 2019, the election for both directors and supervisors in public listed or OTC firms is required to adopt a candidate nomination system beginning in 2021, and Provisions 87 of the Articles of Incorporation proclaims that shareholders must elect directors among the list of candidates, thus the “Rules for Election of Directors” of the Company is proposed to revise accordingly.
2. Please refer to Attachment 6 of Chinese version of the handbook for the Comparison Table on Amendments to the “Rules for Election of Directors”.

Resolution:

(Proposed by the Board of Directors)

Item 3: Amendments to the “Rules of Procedure for Shareholders’ Meetings” of the Company.

Explanation:
1. In accordance with both Announcement Reference No.1090009468 and Announcement Reference No.1100001446 made by Taiwan Stock Exchange (TWSE), the Company’s “Rules of Procedure for Shareholders’ Meetings” are revised to meet the reference example of public listed firms’ shareholders meetings on rules of procedure, and the Company's practical operations for the time being.
2. Please refer to Attachment 7 of Chinese version of the handbook for the Comparison Table on Amendments to the “Rules of Procedure for Shareholders’ Meetings”.

Resolution:

(Proposed by the Board of Directors)

Item 4: Amendments to the "Regulations Governing Loaning of Funds" of the Company.

Explanation:
1. According to Article 37 of Frequently Asked Questions of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the Company's "Regulations Governing Loaning of Funds" is revised.
2. Please refer to Attachment 8 of Chinese version of the handbook for the Comparison Table on Amendments to the "Regulations Governing Loaning of Funds".

Resolution:

Election Item

(Proposed by the Board of Directors)

Item 1: Election of the 6th Term of the Board of Directors.

Explanation:
1. As the 5th Term of the Board of Directors is scheduled to expire on June 24, 2021, the Company proposes to re-elect the 6th Term of the Board of Directors in 2021 Shareholders' Meeting. Based on the Article 80 of "Articles of Incorporation" of the company, 9 to 13 directors can be set up, of which nine directors (including 3 independent directors) are elected.
2. The term of newly-elected board of directors begins on June 24, 2021 and ends on June 23, 2024, with a tenure of three years.
3. The Company's "Articles of Incorporation" proclaim that the election adopts a candidate nomination system for directors, and shareholders should vote them from the list.
4. The list of directors (including independent directors) is screened with approval by the Board of Directors on May 7, 2021, and the candidate list together with relevant information are as follows:

Title	Name	Education	Main Experience	Current Position	Shares Held
Director	WU, CHIN-LU	Dah-Chin Commercial & Industrial Vocation High School	Chairman of LU HAI HOLDING CORP. Chairman of LU HAI INDUSTRIAL CORP. Director of PT. LUHAI INDUSTRIAL General Manager of LU HAI HOLDING CORP. Director of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Director of LU HAI INDUSTRIAL CORP.	Director of LU HAI HOLDING CORP Director of GET JOINT BUSINESS CORP. Director of DAY LIGHT BUSINESS CO., LTD.	381,794
Director	WU, CHING-SHU	Master degree of Management, National Chung Hsing University	Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Director of LU HAI INDUSTRIAL CORP.	Supervisor of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Supervisor of LU HAI INDUSTRIAL CORP. Supervisor of PT. LUHAI INDUSTRIAL Director of LU HAI HOLDING CORP Director of GET JOINT BUSINESS CORP. Director of DAY LIGHT	803,131

Title	Name	Education	Main Experience	Current Position	Shares Held
				BUSINESS CO., LTD. Director of LUHAI RUBBER METAL (KUNSHAN) CO., LTD.	
Director	HSU, LIEN-KAI	Department of Law, National Chengchi University	CEO of LU HAI HOLDING CORP. General Manager of LU HAI HOLDING CORP. General Manager of LU HAI INDUSTRIAL CORP. General Manager of PT. LUHAI INDUSTRIAL General Manager of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. General Manager of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	Chairman and General Manager of LU HAI HOLDING CORP. Director of LU HAI INDUSTRIAL CORP. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Director of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Supervisor of PT. LUHAI INDUSTRIAL	3,016,126
Director	HSU, YA-TING	Department of Finance, National Taichung University of Science and Technology	Professional Manager of LU HAI HOLDING CORP. Section Manager of YOKE Industrial Corp.	Director of LU HAI HOLDING CORP Director of LU HAI INDUSTRIAL CORP. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Director of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Supervisor of PT. LUHAI INDUSTRIAL Assistant VP of LU HAI HOLDING CORP. VP of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	623,807
Director	HSU, HUAI-YUN	Information Management, Tamkang University	General Manager of Yun-Yi International Ltd.	Director of LU HAI HOLDING CORP Director of LU HAI INDUSTRIAL CORP. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Director of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Supervisor of PT. LUHAI INDUSTRIAL	24,149
Director	HSU, HAN-YUAN	Civil Engineering Department, Nanya Institute of Technology	General Manager of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Assistant VP of LU HAI HOLDING CORP. Business Manager of Yuan-Hong Metal Co., Ltd.	Special Assistant of Chairman, LU HAI HOLDING CORP. Director of LU HAI HOLDING CORP Director of LU HAI INDUSTRIAL CORP. Director of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. Supervisor of LUHAI RUBBER METAL (KUNSHAN) CO., LTD. Supervisor of PT. LUHAI INDUSTRIAL	2,101,951
Independent Director	YEN, MEI-YING	Master degree of Accounting, National Taiwan University	Assistant VP of PONY Leather Corporation Assistant Manager of Finance Department, LU HAI INDUSTRIAL CORP. Manager of Administration Department, PONY Leather Corporation Manager of Finance Department & Spokesman, PONY Leather Corporation Assistant Manager of Deloitte Accounting Firm	Director of PONY Leather Corporation Assistant VP of GM Room and Head of Administration Department, PONY Leather Corporation	0
Independent Director	CHANG, HORNG-YAN	Enterprise Research Institute and Accounting Institute of St.	Interplex Industries Inc., New York, USA – Deputy Chief Financial Officer and Assistant Chief Controller Part-time Associate Professor of	Independent Director of TPK Holding Co., Ltd. Supervisor of Soft-World International Corporation	0

Title	Name	Education	Main Experience	Current Position	Shares Held
		John’s University, New York, US	Department of Business Administration, Soochow University Full-time Associate Professor of Department of Communications Management, Shih Hsin University Part-time Professor of Department of Business Administration, Soochow University	Professor of Department of Communications Management, Shih Hsin University	
Independent Director	YEH, ZHI-MING	PHD, University of Chinese Academy of Sciences (Management Science and Engineering)	VP/General Manager, CVC Technologies, Inc. General Manager, Jinbi Technology Co., Ltd. General Manager, HongYi Industrial Co., Ltd.	Independent Director of Cayman Engley Industrial Co., Ltd. Director of WellTech Energy Inc. Director of CVC Technologies, Inc.	0

5. According to Article 5 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, the reasons behind nomination of independent directors for three consecutive terms were described below:
   As a candidate for the Company’s 6th term of independent directors, Ms. YAN, MEI-YING is now an independent director of the Company with over three terms in straight. In consideration of her expertise in finance and CPA (Certified Public Accountant) backgrounds that have obviously helped the governance of the Company and diversification efforts of the Board of Directros**,** therefore Ms. YAN, MEI-YING is still listed as an independent director candidate.
6. Please vote.

Resolution:

Extempore Motion

Adjournment

【Attachment 1】

LU HAI HOLDING CORP.

2020 Business Report

Following a worldwide spread of the Covid-19 virus in 2020, the epidemic in mainland China, Europe, the U.S., and Southeast Asia broke out one after another, and most of them continued to implement lock-downs or border controls as essential prevention measures. This, together with impacts from both home quarantines and delays in resuming work, engages the global industry in a hard challenge unprecedented. Mainly affected by the impact of epidemic, the Company's valve shipments dropped tremendously in the first half of 2020, especially in categories of motorcycles, trucks and off-the-road vehicles. Such influences began to slow down with the retaliatory consumption emerged beginning in the third quarter, paving the way for the automobile industry to enjoy a booming and rebounded recovery. The Company increased its shipments in passenger car valves. Regarded as a benefit during the post-epidemic era (due to maintaining of social distancing, people are unwilling to take public transportation and switching to travel with bicycles, electric bicycles and other transportations, the demand on sports and casual purposes increased significantly), the bicycle market has become increasingly hectic, as well as motorcycles, passenger car, and trucks are now in a phase of strong recovery. Thus, the Company's shipments for bicycle and electric vehicle valves have fared well against the trend. Meanwhile, the Company has finished the development of TPMS valves for its new customers and started mass production with stable shipments. Its entire sales volume of valves was up by 2.39% in 2020, compared with 2019, but the sharp appreciation of the New Taiwan dollar led to a decline of 4.22% in revenue, down from NTD2.717 billion to NTD2.602 billion. Beginning in 2020, the Company has spared no efforts to improve its manufacturing processes, enhance efficiency and invest in automation equipment to meet customer orders. Affected by both material procurement cost drop and exchange rate fluctuations, the gross profit rate increased from 22.64% to 24.08%. One thing worth mentioning is that lots of expenses, development projects, and operating expenses are cut down due to the Covid-19 epidemic. This increases the Company’s operating net profit rate from 11.51% to 12.61%. After a strategic moving to new location in 2020, the net benefit in relocation compensation is recognized together with input of subsidies, the Company’s non-operating income increased largely. In summary, the Company's net profit margin increased from 8.90% to 22.86% in 2020 with earnings per share standing at NTD6.58, up from NTD2.68.

In an attempt to cope with challenges in the future, the Company will solicit more customers, to be in coordination with the market demand, to enlarge market share and profitability, and to invest in automation equipment. To this end, it will adopt a solid financial management, and insists on its business motto: "quality is the root, honesty is the essence, customer-oriented, and keeps improving”.

Financial performance

Implementation achievement in the last two years:

Unit: NTD thousand

Item \ Year	2020	2019	Percent Change	
Operating revenue	2,602,257	2,716,889	-114,632	-4.22%
Gross profit	626,635	615,058	11,577	1.88%
Operating profit	328,035	312,635	15,400	4.93%
Profit before income tax	829,789	345,838	483,951	139.94%
Profit for the Period	594,759	241,910	352,849	145.86%

Budget implementation

The Company has not disclosed financial forecasting to the public in 2020, hence it is not applicable.

Financial revenue and expenditure and profitability analysis

Item \ Year		2020	2019
Financial structure (%)	Debt to asset ratio	42.45	44.52
	Long-term fund to property, plant and equipment	233.46	243.85
Liquidity (%)	Current ratio	302.24	203.02
	Quick ratio	222.52	153.18
	Times interest earned (times)	95.89	27.62
Profitability (%)	Return on assets	13.55	6.67
	Return on equity	23.70	10.68
	Pre-tax income to paid-in capital	91.82	40.18
	Net profit margin	22.86	8.90
	Earnings per share (NTD)	6.58	2.68

Description: To be in line with the Hua Qiao government’s strategic relocation policy, the non-removable property is transferred during this period. The relocation net income is admitted as a net profit of relocation compensation calculated by deductions of second relocation compensation funds (which are recognized as long term deferred income) and moving expenses. This reduced current liabilities and increased non-business income (other benefits). As a result, the Company's solvency and profitability are better than the previous period.

Research and development situation

The major R&D projects mapped out for 2020 was proceed according to its annual plan progress, which mainly includes the development of new materials and equipment automation to reduce material costs, upgrade of production automation, improving production efficiency, and saving workforce.

Major results are explained below: the project of EPDM rubber new formula to reduce costs, PVR70 forging process to reduce costs, CR202L, AR, TR13 specification cleaning and cost reduction, VFR60L new transfer cold forging production, BU specification vulcanization time optimization, PVR64 vulcanization efficiency improvement, and vulcanization mold rubber-saving project. In addition, the development of automatic equipment such as PVR70 bending assembly German machines, high speed valve automatic airtight machine, automatic bending machine with noise reduction project, oval specification automatic grinding machine, PVR64 automatic vulcanized disc inserting machine, CR202L automatic sand blasting machine, and so on, thus moving forward to reduce the overall production cost and upgrade the production efficiency.

As for 2021, the Company expects its R&D focus to promote automation projects, reduce raw material costs, improve quality and save manpower. In primary, these projects include CR202L series of new forging development, high-speed valves cold runner vulcanization process development, truck valve defect and cost reduction project, EPDM rubber low-cost formula re-development, TR4 valve multi-axis bottom forming design and development, TR4, VFR vulcanized automatic nail inserting plate machine development, RV series cold forging processing technology development, VFR automatic sandblasting development, truck valve efficiency improvement & development, truck valve vulcanization efficiency improvement & development, truck valve vulcanization time reduction project, BS truck valve post-vulcanization process production line development, and VFR automatic assembly riveting machine projects.

Chairman:	General Manager:	Accounting Officer:
HSU, LIEN-KAI	HSU, LIEN-KAI	CHANG, SHENG-HUNG

【Attachment 2】

LU HAI HOLDING CORP.

Audit Committee’s Review Report

The Board of Directors has prepared 2020 business report, financial statements and earning distribution proposal etc. of the Company; among them, the financial statements have been audited by accountants LIN, MING-SHOU and SHAO, CHAO-BIN from Crowe (TW) CPAs, and the audit report of unqualified opinion has been issued. The above business report, financial statements and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company, we hereby submit this report.

To the 2021 General Shareholders’ Meeting

Audit Committee:

YEN, MEI-YING

CHANG, HORNG-YAN

HU, TA-HSIANG

March 12, 2021

Crowe

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Crowe (TW) CPAs
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Independent Auditors' Report

The Board of Directors and Shareholders
LUHAI HOLDING CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of Luhai Holding Corp. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

1. Transactions relating to relocation

Refer to Note 6(14) ,Luhai Rubber Metal Industrial (Kunshan) Co., Ltd., a subsidiary of Luhai Holding Corp., signed a relocation agreement with the local government for the need of local railway construction. Per the agreement, Luhai Rubber Metal Industrial (Kunshan) Co., Ltd. shall deliver the immovable items including the land use right, buildings, and other immovable equipment by specified deadlines and will receive compensation income paid in installments. Luhai Rubber Metal Industrial (Kunshan) Co., Ltd. has delivered the immovable items and has received all the compensation income, the compensation of the second stage of relocation recognized in deferred income, the other compensation income less relocation expense recognized in profit or loss. Because the impact of the transactions on the Group's consolidated financial statements is significant and the terms and conditions of the agreement are complicated, subject to judgements, the transactions have been identified as a key audit matter.

Our key audit procedures included obtaining the relocation agreement signed with the local government and reviewing the content of the agreement to gain an understanding of the rights and obligations that Luhai Rubber Metal Industrial (Kunshan) Co., Ltd. has obtained from the relocation compensation, examining relevant meeting minutes of the Board of Directors and checking the consistency with the information provided by the Group's management, sampling the documents and records of compensation revenue and relocation expenses to check the consistency with the terms and conditions of the agreement, reviewing the immovable items derecognized with delivered documents, checking the calculation of relocation income recognized and examining the accounting treatments for the transactions and evaluating the appropriateness of those treatments.

2. Credit risk for notes receivable and accounts receivable

As of December 31, 2020, notes and accounts receivable of the Group accounted for 17% of the total assets. Since expected credit loss of notes and accounts receivable is estimated based on receivables that are past due and the relating loss ratio plus forward-looking adjustments, which are subject to the management's judgement. Therefore, the credit risk for notes and accounts receivable has been identified as a key audit matter.

Our key audit procedures included assessing the policies and execution relating to expected credit loss of notes and accounts receivable; asking the management whether there are any debtors with financial difficulties; obtaining aging analysis schedules of notes and accounts receivable and selecting samples for confirmation and assessing the accuracy of the aging interval of each receivable; checking whether provision of loss allowance is based on the provision matrix and forward-looking adjustments, and confirming the notes and accounts receivable by issuing notifications, as well as subsequent collections to verify the reasonableness of expected credit loss recognized, and assessing whether the disclosures regarding impairment of notes and accounts receivable are appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Crowe

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming Shou, Lin and Chao Pin, Shao.

Crowe TW CPAs

Crowe (TW) CPAs

The Republic of China

March 12, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditor's report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditor's report and consolidated financial statements shall prevail.

LUHAI HOLDING CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	NOTES	December 31,2020 Amount	%	December 31,2019 Amount	%
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5,6(1)	$ 789,600	17	$ 1,122,302	27
Financial assets at fair value through profit or loss - current	5,6(2)	418,388	9	202,684	5
Financial assets at fair value through other comprehensive income - current	5,6(3)	16,554	-	-	-
Financial assets at amortized cost-current	5,6(4)	-	-	86,105	2
Notes receivable, net	5,6(5)	76,973	2	46,999	1
Accounts receivable, net	5,6(6)	720,552	15	587,682	14
Other receivables		13,597	-	10,750	-
Income tax assets		-	-	4,643	-
Inventories, net	5,6(7)	674,065	14	615,928	15
Prepaid expenses		55,501	1	54,909	1
Other current assets		598	-	530	-
Total current assets		2,765,828	58	2,732,532	65
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	6(3)	1,267	-	1,558	-
Property, plant and equipment	5,6(8)	1,631,999	35	1,148,538	28
Right-of-use assets	5,6(9)	198,398	4	197,862	5
Intangible assets	5,6(10)	13,737	-	6,956	-
Deferred income tax assets	5,6(28)	22,212	1	26,262	1
Other noncurrent assets	6(11)	91,694	2	32,948	1
Total noncurrent assets		1,959,307	42	1,414,124	35
TOTAL ASSETS		$ 4,725,135	100	$ 4,146,656	100
LIABILITIES AND EQUITIES					
CURRENT LIABILITIES					
Short-term loans	6(12)	$ 85,440	2	$ -	-
Contract liabilities - current	6(22)	3,500	-	477	-
Accounts payable		325,376	7	264,374	6
Other payables	6(13)	296,568	6	219,317	5
Income tax liabilities		49,811	1	22,942	1
Current lease liabilities	5,6(9)	18,448	-	4,376	-
Advanced receipts		154	-	2,626	-
Deferred income	5,6(14)	-	-	619,044	15
Long-term loan due within a year	6(15)	130,755	3	207,419	5
Other current liabilities	6(17)	5,059	-	5,392	-
Total current liabilities		915,111	19	1,345,967	32
NONCURRENT LIABILITIES					
Long-term loans	6(15)	794,664	17	471,313	11
Deferred income tax liabilities	6(28)	133,646	3	19,336	1
Noncurrent lease liabilities	5,6(9)	18,899	-	9,345	-
Deferred income - noncurrent	5,6(14)	143,392	3	-	-
Total noncurrent liabilities		1,090,601	23	499,994	12
Total liabilities		2,005,712	42	1,845,961	44
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					
Capital stocks	6(18)	903,664	19	860,632	21
Capital surplus	6(19)	443,701	9	443,701	11
Retained earnings	6(20)				
Legal reserve		184,773	4	160,582	4
Special reserve		369,530	8	282,676	7
Unappropriated retained earnings		1,173,977	25	922,634	22
Other equities	6(21)	(356,222)	(7)	(369,530)	(9)
Equity attributable to owners of parent		2,719,423	58	2,300,695	56
Total equity		2,719,423	58	2,300,695	56
TOTAL LIABILITIES AND EQUITIES		$ 4,725,135	100	$ 4,146,656	100

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

LUHAI HOLDING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2020			2019		
	NOTES		Amount	%		Amount	%
NET REVENUE	6(22)	$	2,602,257	100	$	2,716,889	100
COST OF REVENUE	6(7,23)		(1,975,622)	(76)		(2,101,831)	(77)
GROSS PROFIT			626,635	24		615,058	23
OPERATING EXPENSES	6(23),7						
Marketing expenses			(87,341)	(3)		(101,729)	(4)
General and administrative expenses			(184,245)	(7)		(182,235)	(6)
Research and development expenses			(26,063)	(1)		(29,410)	(1)
Expected credit (loss) reversal			(951)	-		10,951	-
Total operating expenses			(298,600)	(11)		(302,423)	(11)
OPERATING INCOME			328,035	13		312,635	12
NONOPERATING INCOME AND EXPENSES							
Interest income	6(24)		8,859	-		14,906	1
Other income	6(25)		31,250	1		13,462	-
Other gains and losses	6(14,26)		470,390	18		17,829	1
Financial costs	6(27)		(8,745)	-		(12,994)	(1)
Total nonoperating income and expenses			501,754	19		33,203	1
INCOME BEFORE INCOME TAX			829,789	32		345,838	13
INCOME TAX EXPENSE	6(28)		(235,030)	(9)		(103,928)	(4)
NET INCOME (LOSS)			594,759	23		241,910	9
OTHER COMPREHENSIVE INCOME (LOSS)	6(29)						
Items that will not be reclassified subsequently to profit or loss:							
Unrealized profit (loss) from equity instrument at fair value through other comprehensive income			(304)	-		688	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(28)		-	-		-	-
Items that may be reclassified subsequently to profit or loss:							
Exchange differences arising on translation of foreign operations			13,794	1		(87,542)	(3)
Unrealized profit (loss) from in debt instruments at fair value through other comprehensive income			(228)	-		-	-
Income tax benefit (expense) related to items that may be reclassified subsequently	6(28)		46	-		-	-
Other comprehensive income (loss) for the year, net of income tax			13,308	1		(86,854)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$	608,067	24	$	155,056	6
NET INCOME ATTRIBUTTABLE TO:							
Shareholders of the parnet		$	594,759	23	$	241,910	9
TOTAL COMPREHENSIVE INCOME ATTIRBUTABLE TO:							
Shareholders of the parnet		$	608,067	24	$	155,056	6
EARNINGS PER SHARE(NT$):	6(30)						
Basic earnings per share		$	6.58		$	2.68	
Diluted earnings per share		$	6.56		$	2.67	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

LUHAI HOLDING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Shareholders of the Parent							
			Retained Earnings			Other Equities		
	Capital Stocks	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Profit (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
BALANCE, JANUARY 1, 2019	$ 819,650	$ 443,701	$ 139,736	$ 228,579	$ 878,614	$ (282,714)	$ 38	$ 2,227,604
Appropriations of earnings								
Legal reserve	-	-	20,846	-	(20,846)	-	-	-
Special reserve	-	-	-	54,097	(54,097)	-	-	-
Cash dividends to shareholders - NT$1.00 per share	-	-	-	-	(81,965)	-	-	(81,965)
Stock dividends to shareholders - NT$0.50 per share	40,982	-	-	-	(40,982)	-	-	-
Net income in 2019	-	-	-	-	241,910	-	-	241,910
Other comprehensive income (loss) in 2019, net of tax	-	-	-	-	-	(87,542)	688	(86,854)
BALANCE, DECEMBER 31, 2019	860,632	443,701	160,582	282,676	922,634	(370,256)	726	2,300,695
Appropriations of earnings								
Legal reserve	-	-	24,191	-	(24,191)	-	-	-
Special reserve	-	-	-	86,854	(86,854)	-	-	-
Cash dividends to shareholders - NT$2.20 per share	-	-	-	-	(189,339)	-	-	(189,339)
Stock dividends to shareholders - NT$0.50 per share	43,032	-	-	-	(43,032)	-	-	-
Net income in 2020	-	-	-	-	594,759	-	-	594,759
Other comprehensive income (loss) in 2020, net of tax	-	-	-	-	-	13,794	(486)	13,308
BALANCE, DECEMBER 31, 2020	$ 903,664	$ 443,701	$ 184,773	$ 369,530	$ 1,173,977	$ (356,462)	$ 240	$ 2,719,423

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

LUHAI HOLDING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 829,789	$ 345,838
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation	121,465	111,077
Amortization	2,664	2,027
Expected credit loss (reversal)	951	(10,951)
Gains on financial assets at fair value through profit or loss	(14,094)	(1,906)
Interest expense	8,745	12,994
Interest income	(8,859)	(14,906)
Dividend income	(122)	(85)
Losses from disposal of subsidiaries	1,273	-
Losses (Gains) on disposal of property, plant and equipment	2,783	2,617
Impairment loss of property, plant and equipment	5,803	5,288
Net profit on relocaion compensation	(475,587)	-
Net changes in operating assets and liabilities		
Notes receivable	(29,901)	18,551
Accounts receivable	(131,768)	6,032
Other receivables	(3,028)	(3,425)
Inventories	(61,078)	(67,015)
Prepaid expenses	(6,008)	(15,907)
Other current assets	(94)	(8)
Conrtract liabilities	3,020	(3,236)
Accounts payable	57,722	(19,970)
Other payables	45,105	16,707
Other current liabilities	190	(368)
Net defined benefit liability	-	(5,134)
Cash generated from operations	348,971	378,220
Interest received	9,185	16,913
Dividend received	122	85
Interest paid	(8,391)	(12,623)
Income taxes paid	(86,357)	(99,154)
Net cash provided by operating activities	263,530	283,441

(Continued)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	$ (1,192,080)	$ (312,976)
Proceeds from disposal of financial assets at fair value through profit or loss	996,495	149,302
Acquisition of financial assets at fair value through other comprehensive income	(16,782)	-
Acquisition of financial assets at amortized cost	-	(849,507)
Proceeds from disposal of financial assets at amortized cost	85,607	974,697
Acquisition of property, plant and equipment	(547,301)	(449,819)
Proceeds from disposal of Property, plant and equipment	890	10,713
Increase in advanced receipts	-	2,727
Acquisition of intangible assets	(4,691)	(1,779)
Increase in prepaid equipment	(115,527)	(71,851)
Prepaid of land use right	(5,008)	-
Refundable deposits (paid) refunded	(10,063)	24,455
Increase in other noncurrent assets	(238)	(4,353)
Proceeds from relocation compensation	158,483	662,180
Payments of relocation expenses	(80,495)	(12,540)
Net cash provided by (used in) investing activities	(730,710)	121,249
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	83,970	(30,226)
Increase in guarantee deposits received	(428)	5,365
Proceeds from long-term debt	589,109	306,715
Repayment of long-term debt	(348,208)	(257,109)
Cash dividends paid	(189,339)	(81,965)
Repayments of the principal portion of lease liabilities	(10,064)	(4,558)
Net cash used in financing activities	125,040	(61,778)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	9,438	(44,831)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(332,702)	298,081
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,122,302	824,221
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 789,600	$ 1,122,302

The accompanying notes are an integral part of the consolidated financial statement (Concluded)

【Attachment 5】

LU HAI HOLDING CORP.
Earnings Distribution Table
2020

Unit: NTD

Item	Amount	
Net profit after tax in 2020		594,758,633
Minus:		
Allocation of statutory surplus reserve	59,475,863	
Earnings available for distribution in 2020		535,282,770
Plus:		
Beginning undistributed earnings	579,218,493	
Accumulated earnings available for distribution as at the end of 2020		1,114,501,263
Distribution item:		
Shareholder Dividend－ share (Notes 1)	90,366,380	
Shareholder Dividend－ cash (Notes 1)	135,549,558	
Ending undistributed earnings		888,585,325

Notes 1: It is planned to distribute stock dividend to shareholders at NTD1.00000005 per share (namely free allotment of 100.00000553 shares per thousand shares) and cash dividend at NTD1.49999995 per share this time, the total distribution of dividend to shareholders is NTD2.50 per share, and total distribution of dividends to shareholders is NTD225,915,938.

Chairman: HSU, LIEN-KAI

General Manager: HSU, LIEN-KAI

Accounting Officer: CHANG, SHENG-HUNG